



FEBRUARY 2023

SCI-PITTSBURGH LAND USE FEASIBILITY STUDY

Phase One Task 1.6.2 –
Due Diligence: Real Estate Market Analysis

PURCHASE ORDER NO. 4300738684

SUBMITTED TO:

Pennsylvania Department
of General Services
Bureau of Real Estate



PREPARED BY:

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INTERNATIONAL



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Introduction

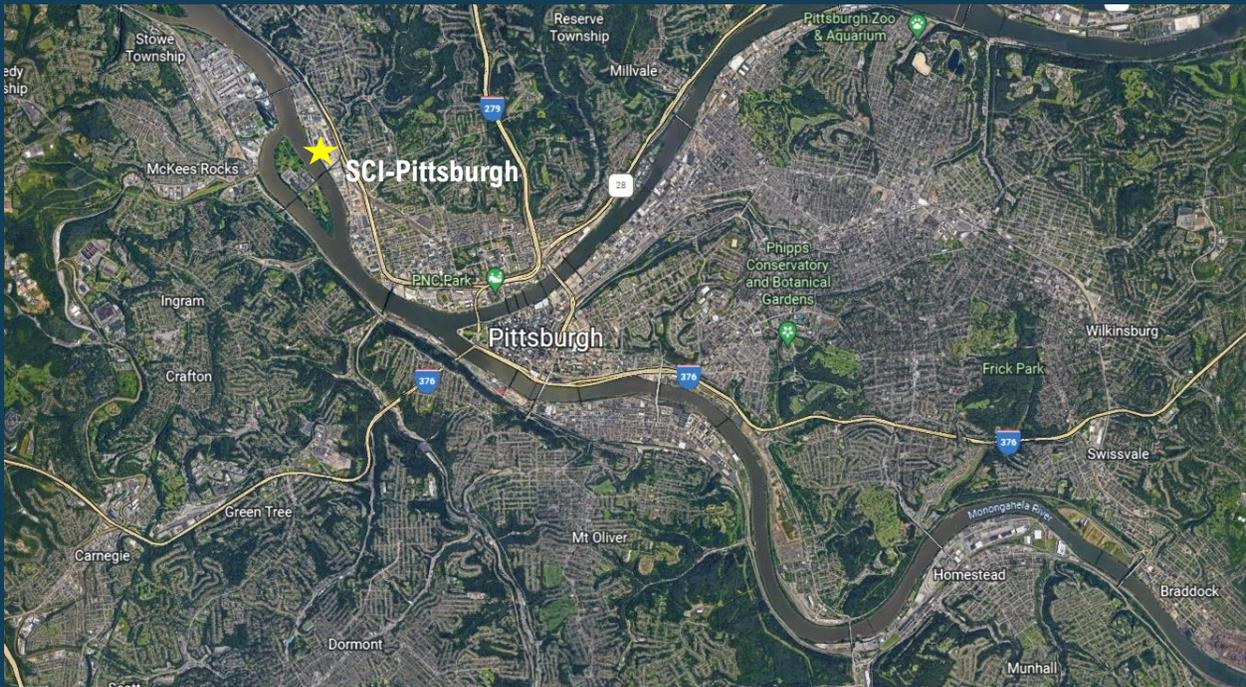
In June 2022, Michael Baker International, Inc. (Michael Baker) was tasked under the Pennsylvania Department of General Services' (DGS) Purchase Order No. 4300738684 to execute a multi-phased feasibility study to determine the highest and best use of the surplus (currently vacated) State Correctional Institution Pittsburgh (SCI-Pittsburgh) property located at 3001 Beaver Avenue, Pittsburgh, PA. The feasibility study is being conducted in response to the legislatively authorized conveyance of the property through Act 24 of June 2022 (Act of June 10, 2022, P.L., No. 24).

Project Site

SCI-Pittsburgh, also known as the Western State Penitentiary, is a former state prison that remains in Commonwealth ownership. The facility began operations in 1878 until it was closed in 2004-2005. In 2007, it reopened for a decade before being permanently closed in 2017. In June 2022, the facility was listed on the National Register of Historic Places.

The facility is situated on approximately 21.7 acres on the east bank of the Ohio River in the Marshall-Shadeland neighborhood in the City of Pittsburgh, Allegheny County. It is approximately 2.5 miles downstream (northwest) from "The Point," where the Allegheny and Monongahela Rivers meet to form the Ohio River (Figure 1). The property contains 42 buildings and supporting structures varying in construction type, age, and condition, along with the prison walls that were erected sometime prior to 1939.

Figure 1: SCI-Pittsburgh

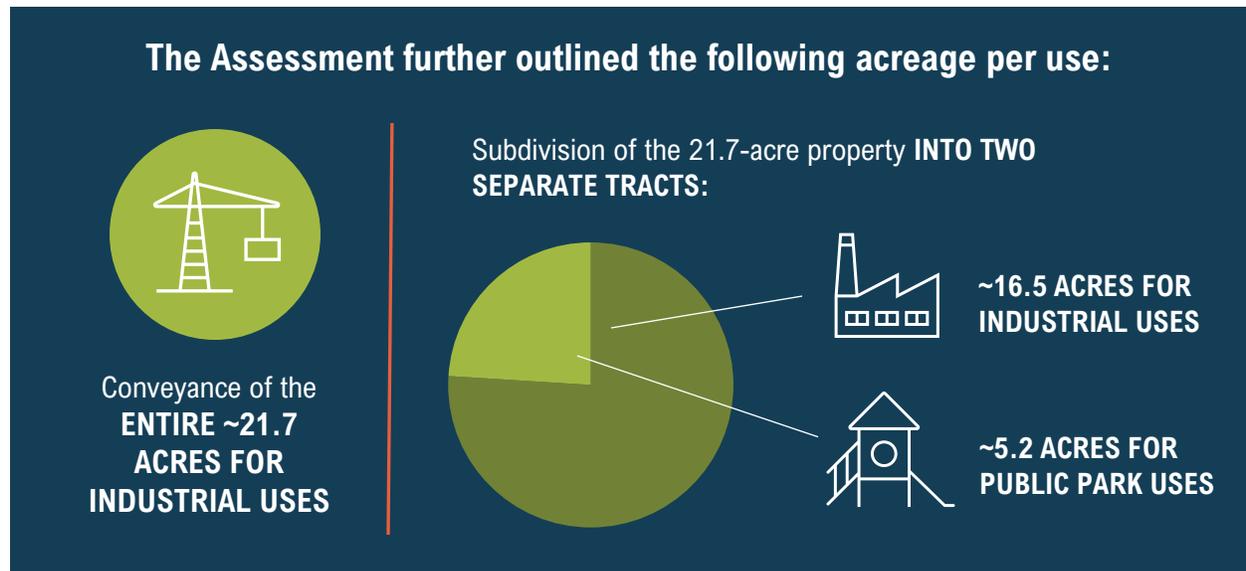


Study Area

Throughout this analysis, the term “study area” refers to the general geographic area surrounding the SCI-Pittsburgh property. The market analysis evaluates market conditions at the neighborhood, 10-minute drive-time, city, county, and metropolitan statistical area (MSA) levels.

Assumptions

For the Land Use Feasibility Study, inclusive of this Market Analysis, Michael Baker assumes the property will be conveyed by DGS either through a competitively selected “buyer” as specified under Act 24 or via direct conveyance to an appropriate public sector entity who will lead the future development effort. In either scenario, it is assumed that the site will be conveyed in a “shovel ready” development condition. Shovel ready assumes that most of the existing buildings and associated structures located on the property will be demolished and removed from the site and that the property will be environmentally remediated to a level that supports the recommended highest and best uses. A Preliminary Highest and Best Use Assessment, prepared in October 2022, determined the two highest and best uses to be industrial (primary use) and public park uses (supporting use).



However, since the site is uniquely influenced by the economic development opportunities presented by the film production industry, which is more fully described on page 27, *Impact of Historic Significance and the Film Industry*, there may be merit to preserving the Main Penitentiary Building which is comprised of Buildings 2, 3 and 4 of the DGS building inventory map. The Main Penitentiary Building is historic and an iconic structure that has brought both movie and television production to Pittsburgh. This niche industry is worthy of note and its connection to this site and the Main Penitentiary Building does positively impact the local and regional economy. Preservation of this building as a film production site has value and should be considered as part of the future development plan. Aside from its historic and economic development value,



the Main Penitentiary Building also provides valuable physical protection as it serves a floodwall and appears to be preventing contaminated groundwater from reaching the Ohio River.

The remaining property is well suited and is primarily focused on reuse for industrial purposes. None of the other buildings have been identified as providing value to any further development opportunities primarily due to their deteriorated physical condition and environmental impacts such as the presence of mold and asbestos-containing-materials (ACM).

Based on illustrative conceptual site plans, accounting for zoning requirements, Michael Baker further assumes the site could support up to 425,000 to 616,000 square feet of industrial space in three to six buildings. Capacity for industrial uses is dependent on any decision to utilize part of the site for improving and expanding existing recreation trails and public greenspace. **The breakdown is as follows:**

- Conveyance of 21.7 acres could support 616,000 square feet of industrial space in six buildings.
- Conveyance of 16.5 acres could support 425,000 square feet of industrial space in three buildings and would incorporate a recreational and green space use on the riverfront side of the property.
- Preservation and reuse of the Main Penitentiary Building would impact industrial capacity under both of the above scenarios, but industrial reuse would continue to be viable in tandem with the film industry use of this building.

Local Context

City of Pittsburgh

The City of Pittsburgh is nestled in western Pennsylvania at the junction of three rivers, the Allegheny, Monongahela, and Ohio. As Pennsylvania's second largest city, Pittsburgh is home to many private-sector companies, institutes of higher education, and public-sector industries. Historically, Pittsburgh is known for its legacy coal and steel production. At its high in the mid-1950s, Pittsburgh produced nearly half of the national steel output and was home to more than 675,000 residents. Similar to many cities across the country, however, Pittsburgh went through a period of decline in the second half of the 20th century. In the 1970s and 1980s, steel production all but disappeared from the landscape and urban flight shrank the city's population steadily decade over decade to its population today of 305,000. While population loss slowed considerably over the last decade, decline is still projected in the future.

Despite these challenges, Pittsburgh has reinvented itself as a hub in many STEM industries. It's home to renowned institutes of higher education, including the University of Pittsburgh, Duquesne University, and Carnegie Mellon University, and the downtown is thriving as a highly desirable location to live and work. Pittsburgh has also placed a focus on its sports teams, which are admired proudly by its residents.

Marshall-Shadeland Neighborhood

The SCI-Pittsburgh property represents a unique opportunity to advance the City's interests for economic and community development within the Marshall-Shadeland neighborhood. As described in the Introduction

section, demolition of most of the existing buildings on site will enable the city to reclaim this portion of the riverfront for public use as part of the Three Rivers Heritage Trail. Conveyance of the remaining acreage for industrial use will bring back employment opportunities to the local neighborhood, which were lost with the closure of the prison.

It's worth noting there is a significant redevelopment project planned near the Marshall-Shadeland neighborhood. The Esplanade mixed use development is located in the adjoining Chateau neighborhood. Approximately 1.5 miles south of the SCI-Pittsburgh site, Piatt Companies is undertaking a significant industrial redevelopment project known as Esplanade (Figure 2).

Meaning “promenade over water,” Esplanade is a mixed-use development project that will reinvigorate nearly 15-acres of industrial properties with the following uses:

- 300 apartments with 20% affordable unities
- 105+ condominium units
- 8+ acres of public open space including 1,600 feet of riverfront access
- Retail
- Hotel with meeting space
- Entertainment attractions and amenities including a Ferris Wheel to pay homage to Pittsburgh being the birthplace of the popular ride.

Figure 2: Rendering of the Proposed Esplanade Project



Source: Piatt Companies <https://piatt.com/esplanade/>

While the Esplanade project will transform the southern portion of the neighborhood, it's unlikely to change the industrial landscape of properties located north, at least in the near term. Immediately south of Esplanade are existing entertainment uses, including the Rivers Casino and the sports stadiums, creating a natural opportunity for converting this specific area to a mixed-use entertainment district. North, the neighborhood features concentrated heavy industrial uses disconnected from residential areas, enclosed, and secluded by the river and the elevated rail and PA Route 65 transportation corridor. What Esplanade will do, however, is



create an even stronger case for the city to preserve the Three Rivers Heritage Trail along the riverfront. Many of the stakeholder interviews for the SCI Pgh Land Use Feasibility Study touted the trail as being very heavily utilized as both a recreational amenity and as a transportation corridor for residents riding bicycles or walking to their jobs in the City of Pittsburgh.

Interview Findings

During the months of September 2022 through February 2023, more than 22 stakeholder interviews were conducted to better understand the current market, opportunities, and challenges for redevelopment of the SCI-Pittsburgh site. The stakeholder interviews helped gather qualitative information to validate and expand on the data findings in this analysis, and to gather additional local knowledge that may not be evident through the baseline data analysis.

A SUMMARY OF KEY FINDINGS FROM THE STAKEHOLDER INTERVIEWS ARE PROVIDED BELOW:

The City of Pittsburgh needs more “pad ready” sites for industrial and manufacturing businesses.

- Economic development specialists from multiple agencies noted that there is a demand for more sites for manufacturing and industrial uses.
- Adjacent industrial uses expressed a need to expand their operations and could explore this site for future expansion.
- Research and development to support sustainable transportation is a need within the immediate area including support for the Pittsburgh Regional Transits electric transit vehicles.
- Medical marijuana grower across the street needs more electrical power for their operations
- Site is limited in size so reuse that supports expansion of adjacent businesses has merit.

There is a desire to involve the local neighborhood in redevelopment planning for the site to ensure that new uses create local jobs or job training opportunities for residents.

- Residents of the adjacent neighborhood feel disconnected from this area along the river.
- The local advocacy group wants to ensure that redevelopment brings job opportunities for people who live in the Marshall-Shadeland neighborhood.
- Many groups want to better connect the neighborhood with the river through enhanced bike and pedestrian facilities.
- Residents are ethnically diverse and barriers to work include limited educational attainment, language barriers, and ex-convict challenges.

Its location along the river and adjacency to the Three Rivers Heritage Trail provides an opportunity to expand the use of the area for recreational purposes.

- A portion of site is currently used as an unofficial trail head for the Three Rivers Heritage Trail but its need to be better defined and there is a need for more amenities to support recreational users. Amenities such as dedicated parking, kayak access, improved fishing pier, bathrooms, and the like should be supported.



- The Allegheny County Sanitary Authority (ALCOSAN) will be relocating and improving the existing trailhead to accommodate the authority's construction projects that will be conducted during the next several years. The new trailhead will be located on property located on the southern side of SCI Pittsburgh closer to the City.
- An estimated 97,000 cyclists use the SCI-Pittsburgh riverfront, as part of the unofficial trail head, on an annual basis. This existing usage may support future eateries and events along the trail.
- The trail is used for recreational purposes by the employees of the adjacent business.
- There is a desire to connect the trail from the river to Riverview Park, through the neighborhood.
- The trail is also used to access the downtown for jobs and shopping by local residents who do not have access or have limited access to a car.

Neighboring businesses with more industrial type of uses such as ALCOSAN and Duquesne Light as well as low visibility from roadways makes retail, residential and office less desirable options for future development of the property.

- Although adjacent uses are seen as an opportunity for reuse options, the surrounding uses which are industrial, and lack of visible access from roadways makes the site not optimal for retail, hospitality, office, and residential uses.
- Road access is sufficient, but the site does not have good rail or river access. The site is not adjacent to the river but rather separated from direct access by the Trail.
- The current electrical grid would not support any major reuse and would need to be improved.
- Insufficient Transportation Infrastructure and limited parking availability does not support end uses that would generate high traffic volume or create a high parking need.

The site is on the National Register of Historic Places which provides an opportunity for preservation of some of the site's assets, either through historic markers or reuse of buildings or materials.

- There are 24 contributing resources identified within the nomination including buildings, structures, and sites. All those identified as contributing could potentially utilize Federal Historic Rehabilitation Tax Credits and State Historic Preservation Tax Credits for preservation and restoration projects.
- There was consensus that the 150-year history of the site needed to be memorialized either through historic markers, repurposing of some of the contributing structures, or reuse of material within the site.
- The site has been used by the filming industry over many years which has brought jobs and investment into the Pittsburgh community. This helps to support preservation of some of the site. The Main Penitentiary Building is the primary focus for the film industries interest in the site. Utilization of this building could open the opportunity for utilization of historic tax credits for any future developer.
- The challenges to reuse of all of the historic buildings is discussed briefly in the Introduction. A detailed analysis of the building conditions will be provided in the Feasibility Report.

The City's Riverfront-General Industrial Zoning Supports the Site's Industrial Reuse Opportunities.

- The Marshall-Shadeland neighborhood includes both industrial and residential uses, however, such uses are clearly separated by major surface transportation facilities including a Norfolk Southern rail line and PA Route 65, which is classified as a principal arterial highway.
- The portion of the neighborhood located southwest of these transportation corridors is entirely developed with industrial-scale and intensity of uses – including the SCI-Pittsburgh facility – while the remaining neighborhood area located northeast of the transportation corridors is predominantly developed with residential communities of color.
- The entire 21.7-acre SCI-Pittsburgh property is located within the City of Pittsburgh’s Riverfront-General Industrial (RIV-GI) Zoning District which is intended to address a variety of industrial uses. The zoning district accommodates both general industrial uses, as well as heavier industrial uses that may produce external impacts such as smoke, noise, glare, or vibration. Outdoor storage and related outdoor activities may also be included in the operation of such uses.
- There are provisions with this newer zoning district that requires a 125-foot Riparian Buffer Zone (setback) area for all new development within the RIV-GI zoning district. This is designed to support restoration of the river from decades of overdevelopment and to encourage more access to the water for recreational purposes. Water Dependent or Water Enhanced facilities and landscaping is permitted within the buffer zone.
- There are Performance Points incentives that can be used for development that meet certain criteria. These points can be used to permit increased building height or reduce the riparian buffer set back
- Performance Points can be gained through sustainable and equity enhancements to new development. These enhancements can include things such as energy efficiency upgrade, Low Impact Development designs, local hiring practices and the like.
- The City of Pittsburgh’s Zoning Code regulates off-street parking requirements for both new development and expansion of and changes to existing uses. Given the overall lack of and high demand for available land for development within the project area, any new development of the SCI-Pittsburgh property will be challenged to meet the code’s parking requirements that include, but are not limited to, the following surface parking restrictions per § 905.04.1.2 of the code:
 - » No surface parking shall exceed seventy-five (75) parking spaces on a single Zoning Lot or group of lots under common ownership.
 - » Any surface parking lot located between a building and the riverfront, including across a street, shall have a maximum of fifteen (15) parking spaces.
- Given these restrictions, new uses for the SCI-Pittsburgh site may indeed need to consider alternative parking methods including the construction of a parking garage and/or contributing to a mobility improvement trust to achieve a reduction to the code’s minimum parking standards.



Site Location, Zoning, and Conceptual Plan

Land Use

The Marshall-Shadeland neighborhood includes both industrial and residential uses, however, such uses are clearly separated by major surface transportation facilities including a Norfolk Southern rail line and PA Route 65, which according to the Pennsylvania Department of Transportation is functionally classified as a principal arterial highway. Separation is also created by the natural geography of the area, which features a steep slope in parallel with PA Route 65. The portion of the neighborhood located southwest of these transportation corridors and at the bottom of the slope is entirely developed with industrial-scale and intensity of uses – including the SCI-Pittsburgh property – while the remaining neighborhood area located northeast of the transportation corridors is predominantly developed with residential communities of color. Figure 3 illustrates the SCI-Pittsburgh facility location in context to the surrounding and regional land use composition.

Figure 3: Aerial Map Depicting Land Uses





Figure 4 depicts the immediate surrounding land use and transportation access from vantage points near the SCI-Pittsburgh property. As illustrated, Eckert Street provides the only vehicular transportation access between the southwest and northeast portions of the neighborhood.

Figure 4: Photos Highlighting Vantage from SCI-Pittsburgh



Photo from McKees Rocks Bridge Looking North



Photo from McKees Rocks Bridge Looking South towards SCI-Pittsburgh



Photo on PA Route 65 Looking Southeast towards downtown Pittsburgh



Photo of the Beaver Street/Eckert Street Intersection Looking East towards PA Route 65

Photo Sources: Google Maps, 2022



Zoning

As illustrated in Figure 5, the entire 21.7-acre SCI-Pittsburgh property is located within the City of Pittsburgh's Riverfront (RIV) Zoning District. According to the City Zoning Code, the RIV Zoning District is governed by the following purpose statement:

The Allegheny, Monongahela, and Ohio Rivers and their riverfronts are valuable cultural and ecological resources of city-wide and regional significance that contribute to the public's economic, environmental, recreational, and aesthetic well-being. The City intends to improve the ecological health of its rivers and riverfronts for the benefit of the public through regulation of development along its riverfronts. Regulation through the Riverfront (RIV) Zoning District will limit potentially detrimental impacts near the riverfronts while allowing for high-quality, sustainable development and preservation of the diverse character of the City's riverfronts. The RIV Riverfront Zoning District is intended to promote development of the City's riverfronts in a manner that:

- a. Acknowledges the historic diversity of uses, the varied character, and the economic value of the riverfronts;
- b. Facilitates mixed-use development that physically and functionally integrates with the riverfront and strengthens pedestrian connections to the riverfronts;
- c. Maintains and creates connections between the riverfronts and neighborhoods within the City;
- d. Protects areas of industrial use from encroachment of incompatible uses;
- e. Creates an environment that supports multiple modes of transportation;
- f. Promotes sustainable development;
- g. Improves the ecological health of the rivers;
- h. Conserves and enhances riverbanks and riverfronts;
- i. Conserves, restores, and enhances native riverbank and aquatic plant life, improves river ecosystem health, and supports biodiversity; and
- j. Improves the scenic qualities and the public's enjoyment of riverfronts by preserving, creating, and enhancing public views and access to the riverfronts.¹

¹ City of Pittsburgh, Pennsylvania Code of Ordinances. Pittsburgh Zoning Code, § 905.04 RIV, Riverfront Zoning District.

Accessed online on October 11, 2022 at

https://library.municode.com/pa/pittsburgh/codes/code_of_ordinances?nodeId=PIZO00_TITNINEZOCO_ARTIIBAZODI_CH905_SPPUDI_905.04RIRI

of non-industrial uses, accommodate site design elements related to public safety, and maintain compatibility with surrounding uses.”²



Site restrictions in the RIV-GI District include the following:

- Buildings must be setback 125 feet from the Project Pool Elevation of the river (this 125-foot buffer is designated on the zoning map in dark blue, refer to Figure).
- Buildings must have at least 60% of the façade within 10 feet of the street right-of-way.
- Continuous 10-foot-wide sidewalks must be provided along all street frontages.
- A Visual Access Corridor of at least the same width as the street right-of-way (ROW) must extend from existing perpendicular streets to the river, no structures are permitted in this Corridor. Specific to the SCI-Pittsburgh site, this requirement pertains to Eckert Street. Parking is not specified as either allowed or not allowed in the Visual Access Corridor in the zoning regulations. There are no set back requirements pertaining to the Visual Access Corridor.
- Maximum building length is 500 feet.
- When a building is 500 feet long, any other building on the lot must be separated by at least 30 feet.

As previously noted, the SCI-Pittsburgh property lies within the FEMA-designated SFHA and is therefore subject to the City’s floodplain management regulations specified under § 906.02 Floodplain Overlay (FP-O) District of the City Zoning Code. The purpose of the FP-O District is to reduce the potential for property damage and hazards to life caused by flooding. The regulations are intended to implement and ensure consistency with the Pennsylvania Flood Plain Management Act and the National Flood Insurance Program.

² Pittsburgh Zoning Code, § 905.04.A.2.d.



Illustrative Concept Plan Layout

For purposes of informing this market analysis, two illustrative concept scenarios plans are presented below. Both scenarios are based on the site's reuse approach illustrated in Figure 7 (based on the existing site context as illustrated in Figure 6). As shown in Figure 6, the riverfront area encompassing ~5.2 acres would be devoted to public park use to accommodate the RIV-GI District zoning's riparian setback buffer requirement and preserve the Three Rivers Heritage Trail. This park area also provides an opportunity to provide a new and improved trailhead facility that is currently located at the end of Westhall St. The remaining portion of the site, ~16.5 acres, would be devoted to industrial use as permitted and development thereupon regulated by the City's RIV-GI District zoning.

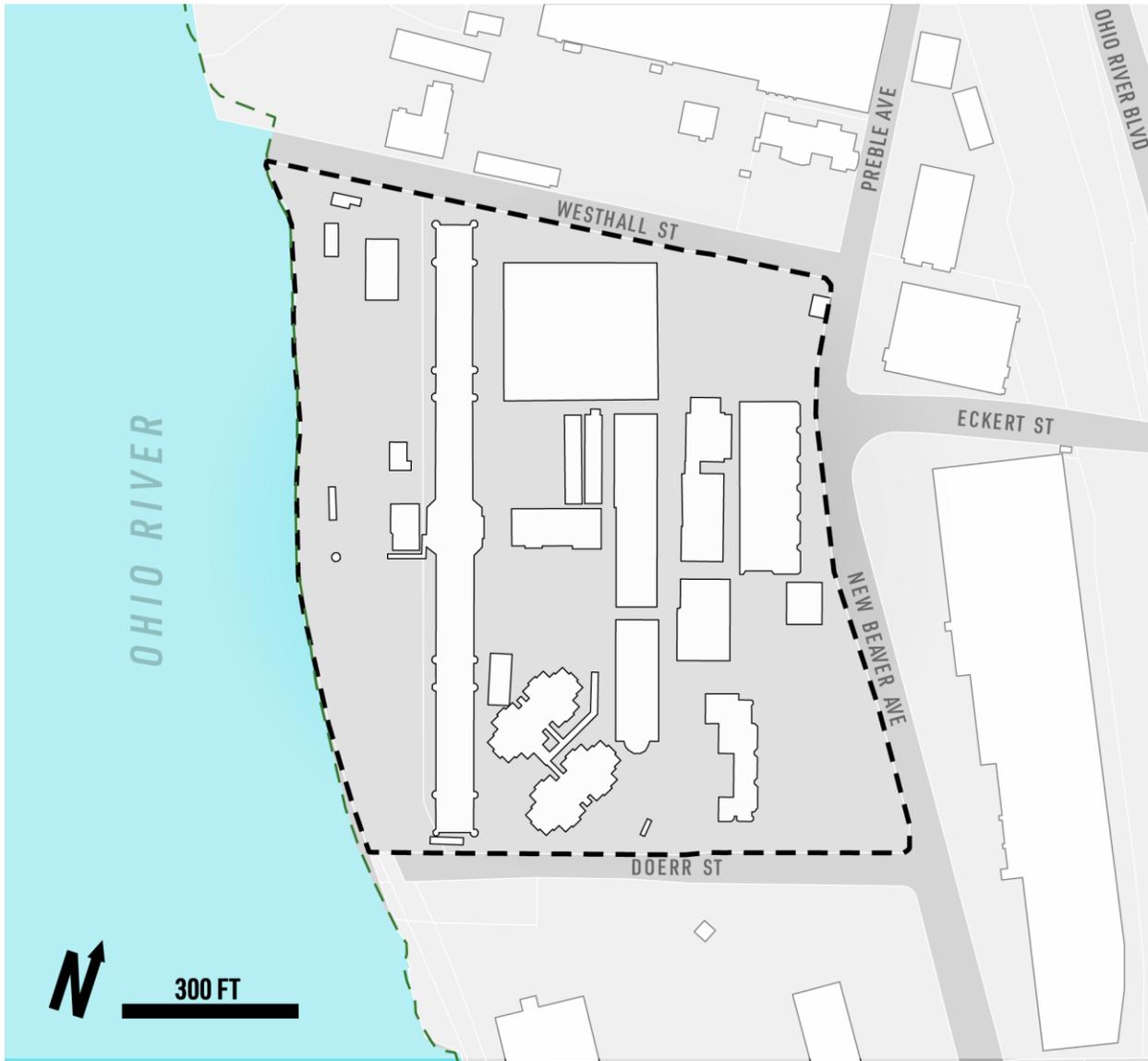
The RIV-GI District zoning requirements provide limitations on the scale and location of future building development on the SCI-Pittsburgh site. Specifically, the Visual Access Corridor, maximum building length of 500 feet, and 60% of facades needing to be within 10 feet of the street ROW preclude the development of a single large building that would encompass the majority of the site available for development (i.e., assuming the RIV-GI's required riparian buffer setback is reserved for public park use). Rather, maximization of the site would require the construction of multiple, single story industrial buildings with large 40-foot bays rather than multi-story buildings.

Site Development Scenarios A and B, as illustrated in Figures 8 and 9, respectively, show the site could potentially yield between ~371,000 sq. ft - ~411,000 sq. ft. of building envelope area.

Scenario A assumes that the site's existing buildings and infrastructure would be removed through full demolition. Scenario B assumes that all building and infrastructure, except for the Main Penitentiary Building, would be removed through demolition. Under Scenario B, the Main Penitentiary Building would be used for continued film industry use and related job training opportunities via the buildings former administration space areas. Both scenarios assume 20% (i.e., ~190,000 sq. ft. of the site's total of 945,252 sq ft, 21.7 acres) of the site would be dedicated for parking, loading, and circulation. Due to the linear alignment of the main penitentiary building, its potential preservation and reuse to accommodate the filming industry would permit a majority of the site to be reused for industrial purposes.

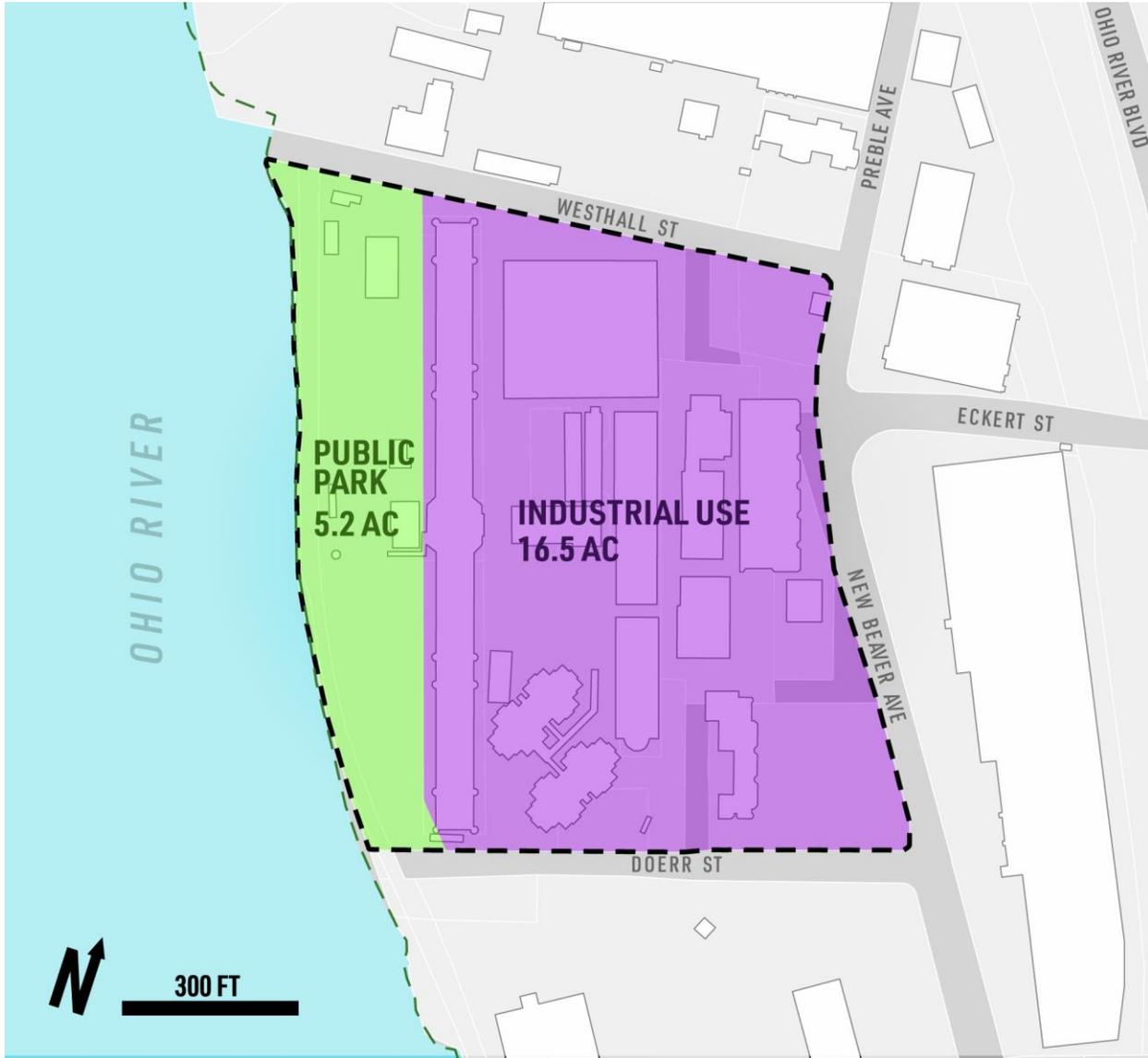


Figure 6 – Existing Site Context (~21.7 acres)



Source: Michael Baker International, Inc., 2023

Figure 7 – Proposed Site Reuse Approach (~21.7)



Source: Michael Baker International, Inc., 2023



Figure 8 – Proposed Site Reuse Approach – Site Development Scenario A (~371,000 sq. ft.)



Source: Michael Baker International, Inc., 2023

Note: Building footprints are inclusive of parking/loading areas.



Figure 9 – Proposed Site Reuse Approach – Site Development Scenario B (~411,000 sq. ft.)



Source: Michael Baker International, Inc., 2023

Note: Building footprints are inclusive of parking/loading areas.



Employment Trends by Industry

Overall Trends

As shown in Table 1, Allegheny County has a total employment base of 700,369 employees based on first quarter data of 2022. This represents a -0.4% decrease from 2015 and a -2.4% decrease in employment from 2020, demonstrating the county is still recovering from the COVID-19 pandemic. Not surprisingly, the industries with the highest losses include Accommodation and Food Services (-14.6%), Wholesale Trade (-13.6%), and Retail Trade (-11.3%). Allegheny County fared better than the Pittsburgh MSA as a whole, which lost -1.1% of its employment base from 2015 to 2022.

In terms of total employment, the county's industry base is led by the following five industries, which provide for 55% of all jobs in the county:



HEALTHCARE HEALTH CARE AND SOCIAL ASSISTANCE

132,754 jobs in 2022; **4.4% gain** from 2015 to 2022)



RETAIL TRADE

(71,278 jobs in 2022; **-11.3% loss** from 2015 to 2022)



PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES

(70,360 jobs in 2022; **14% gain** from 2015 to 2022)



EDUCATIONAL SERVICES

(58,869 jobs in 2022; **-2.4% loss** 2015 to 2022)



ACCOMMODATION AND FOOD SERVICES

(50,318 jobs in 2022; **-14.6% loss** 2015 to 2022)

Table 1: Allegheny County Employment Trends by Industry, 2015-2022

Industry/Year	2005	2010	2015	2020	2022	Net Change 2022-2015	% Change 2022-2015
Allegheny, PA	680,479	671,107	703,459	717,404	700,369	(3,090)	-0.4%
Accommodation and Food Services	53,874	54,811	58,939	61,516	50,318	(8,621)	-14.6%
Administrative and Support/ Waste Mgmt. and Remediation Services	38,970	35,542	39,250	38,749	38,813	(437)	-1.1%
Agriculture, Forestry, Fishing and Hunting	132	193	98	161	455	357	364.3%
Arts, Entertainment, and Recreation	10,556	11,790	13,691	14,197	12,955	(736)	-5.4%
Construction	28,300	26,210	27,324	30,094	29,971	2,647	9.7%
Educational Services	60,567	65,263	60,298	61,639	58,869	(1,429)	-2.4%
Finance and Insurance	46,902	48,501	49,122	54,398	54,695	5,573	11.3%
Health Care and Social Assistance	113,775	118,592	127,124	138,600	132,754	5,630	4.4%
Information	17,772	14,485	13,795	14,734	14,836	1,041	7.5%
Management of Companies and Enterprises	20,724	29,428	33,150	25,787	32,007	(1,143)	-3.4%
Manufacturing	44,208	35,584	35,841	35,066	32,586	(3,255)	-9.1%
Mining, Quarrying, and Oil/Gas Extraction	1,135	1,124	2,811	1,873	1,027	(1,784)	-63.5%
Other Services (except Public Administration)	25,422	23,946	24,654	23,781	21,902	(2,752)	-11.2%
Professional, Scientific, and Technical Services	50,225	52,301	61,717	67,835	70,360	8,643	14.0%
Public Administration	16,176	15,995	15,530	16,324	16,391	861	5.5%
Real Estate and Rental and Leasing	11,200	9,320	9,097	9,756	9,884	787	8.7%
Retail Trade	83,258	76,684	80,365	72,086	71,278	(9,087)	-11.3%
Transportation and Warehousing	26,686	22,546	22,472	25,059	25,898	3,426	15.2%
Utilities	4,083	3,781	4,424	4,756	4,853	429	9.7%
Wholesale Trade	26,514	25,011	23,757	20,993	20,517	(3,240)	-13.6%

Source: Longitudinal Employer-Household Dynamics, U.S. Census Bureau

Industrial Employment Trends

In terms of industrial uses, Manufacturing shed 3,255 employment positions (-9.1%) while Transportation and Warehousing grew by 3,426 jobs (15.2%). At the 3-digit NAICS level, there were 10 industries that reported overall job growth between 2015-2022, shown in Table 2. Warehousing and Storage grew by 2,845 jobs over the last 7 years, outperforming other industrial industries.



For the SCI-Pittsburgh property, the industries shown in Table 2 are presumably the best candidates for potential users, given these industries are growing and expanding while other industrial sub-sectors have contracted over the past 7 years. Interestingly, both Waste Management and Remediation Services and Utilities have grown. These industries are the current users of the two properties immediately adjacent to the SCI-Pittsburgh site: ALCOSAN and Duquesne Light Company. The SCI-Pittsburgh site may provide an expansion opportunity for one or both of these two existing companies in the neighborhood.

Warehousing and Storage would also be a strong candidate for reuse of the site. The industry grew the most of all industrial industries, growing 108.9% (2,845 new jobs) between 2015 and 2022. Warehousing has as strong presence along the riverfront in the neighborhood, given the convenient proximity to PA Route 65. While Data Processing, Hosting, and Related Services have grown the second highest between 2015 and 2022, the floodplain location is likely a site selection constraint for this particular industry group. Additionally, access to talent, or workforce, is another key consideration for site selection. The industrial nature of the neighborhood and existing employment base supporting existing users would also likely be a deterrent for this type of user.

Table 2: Allegheny Industrial Industries Reporting Job Growth, 2015-2022

Row Labels	2022 Employment	Net Change 2015-2022	% Change 2015-2022
Allegheny, PA	700,358	(3,060)	-0.4%
Data Processing, Hosting, and Related Services	2,087	1,314	170.0%
Electrical Equipment, Appliance, and Component Manufacturing	2,275	273	13.6%
Machinery Manufacturing	3,649	53	1.5%
Plastics and Rubber Products Manufacturing	746	6	0.8%
Support Activities for Transportation	3,064	342	12.6%
Textile Product Mills	599	165	38.0%
Truck Transportation	4,419	469	11.9%
Utilities	4,853	429	9.7%
Warehousing and Storage	5,457	2,845	108.9%
Waste Management and Remediation Services	1,882	231	14.0%

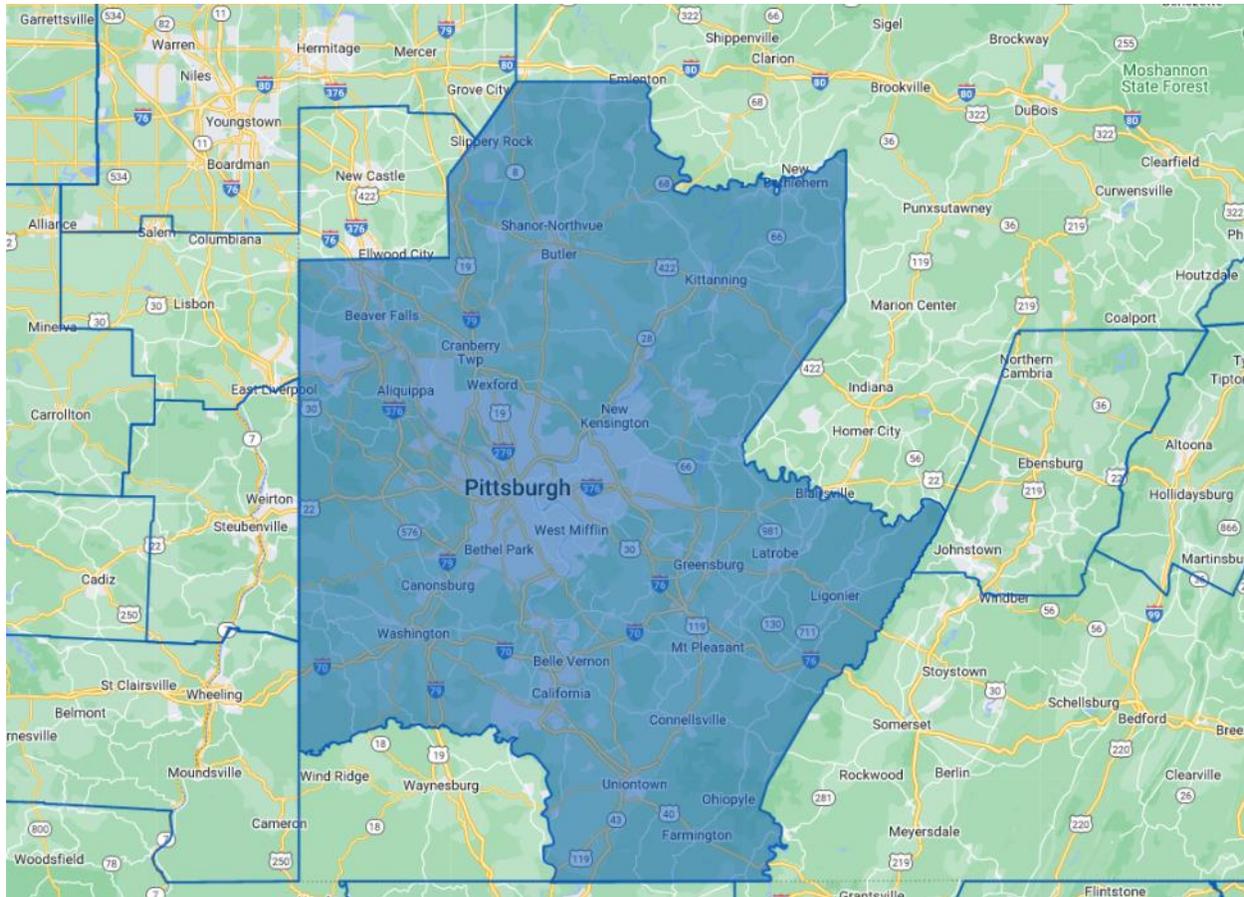


Industrial Real Estate Analysis

Pittsburgh Industrial Market

The Pittsburgh Industrial Market is comprised of a seven-county region including Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland Counties (Figure 10). This geographic area is the same as the Pittsburgh MSA.

Figure 10: Pittsburgh Industrial Market Geographic Area



Source: Costar, 2022

According to Costar, a leading national provider of real estate data, the region's more rural location historically has hindered large-scale speculative logistics development, leading to a lack of available supply (Table 3). However, this lack of supply has spared the area from market disruptions and has poised Pittsburgh's industry market for growth in recent years. Current Pittsburgh market attributes include:

- The market currently has 215M square feet (SF) of industrial space, more than half of which is for logistics. The average vacancy rate is 5.3%, which fell over the past year due, in part, to the rapid acceleration of e-commerce.

- In total, 1.6M sf of new space has been delivered within the past 12 months. Although current construction activity is near record-level for the market, it is well under the National Index. Industrial building space under construction in Pittsburgh represents 1.9% of inventory compared to the national average of 4.0%. More limited levels of construction are typical for markets in the region and is in line with development levels in peer markets such as Cleveland.
- Transportation improvements, including the Southern Beltway, have supported industrial developer interest in areas such as the Parkway West Corridor. Costar indicates that the Parkway West Corridor is the top location for industrial developments in the Pittsburgh Market.

Table 3: Pittsburgh Industrial Market Key Indicators

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	120,223,417	5.0%	\$7.87	7.7%	250,484	452,386	3,422,893
Specialized Industrial	68,467,697	4.4%	\$8.19	5.8%	148,035	0	417,873
Flex	26,420,627	8.8%	\$12.46	12.5%	2,028	0	280,377
Market	215,111,741	5.3%	\$8.53	7.7%	400,547	452,386	4,121,143

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.5%	8.0%	5.6%	12.8%	2004 Q2	4.7%	2017 Q2
Net Absorption SF	2.3M	798,106	1,645,979	7,426,053	2008 Q3	(6,894,457)	2003 Q1
Deliveries SF	1.6M	1,186,741	2,483,482	2,399,030	2016 Q3	320,419	2013 Q2
Rent Growth	5.5%	2.9%	3.1%	10.9%	2022 Q2	-0.5%	2006 Q2
Sales Volume	\$465M	\$146.1M	N/A	\$531M	2021 Q3	\$0	2004 Q1

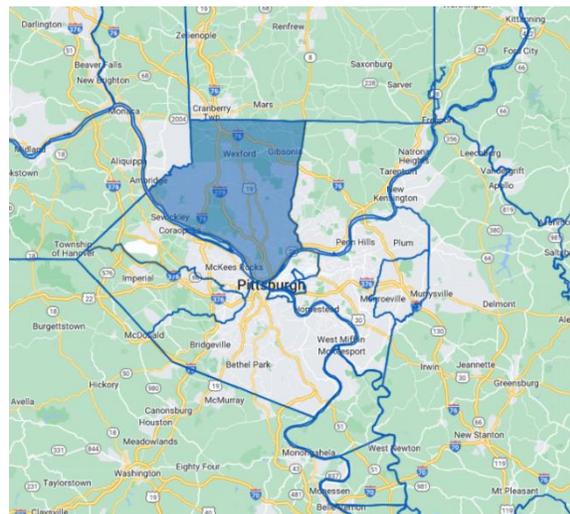
Source: Costar, December 2022

North Pittsburgh Sub-Market

The Pittsburgh Market has many submarkets, including eight in and surrounding the City of Pittsburgh and immediate suburbs. The SCI-Pittsburgh property is located in the North Pittsburgh Sub-Market, shown in Figure 11 and enumerated in Table 4.

North Pittsburgh currently has 18.6 million SF of industrial space. Like the larger metro market area, logistics facilities account for the largest proportion of this local supply, accounting for approximately 13.3M SF or 72% of all industrial SF. The local inventory also includes 3.7M SF of specialized space and 1.6M SF of flex space.

Figure 11: North Pittsburgh Sub-Market



Source: Costar, December 2022

The vacancy rate at 5.7%, has trended downward by 1.2% in the past year. Vacancy refers to empty properties not listed for lease or sale, compared to the availability rate which shows vacant properties actively being marketed. **Net absorption over the past year was approximately 230,000 SF, which is much higher than recent years.** Net absorption compares total move-ins to total move-outs by SF and does not include lease renewals. Over the past five years, the submarket has posted net absorption of -110,000 SF per year, on average. Costar indicates net absorption has been impacted by demolition activity in the sub-market area.

Rents increased by 4.8% over the past 12 months, which is positive and slightly above the 4.1% average annual gain over the past decade. Industrial rents in North Pittsburgh are currently \$8.80/SF, which is generally in line with the Pittsburgh metro average. Logistics rents are \$8.40/SF, which are also generally in line with the metro average for that subtype.

There is 100,000 SF underway in North Pittsburgh, the most space under construction in more than five years. It is a single building, which is described in the section below. While this is not the only construction the submarket has seen in recent memory, it does represent a reversal from the overall trend. Specifically, the inventory has contracted over the past 10 years. As previously noted, demolition activity has outpaced new construction.

In the North Pittsburgh Sub-Market, logistics space represents the area with the most demand, demonstrated by the current low vacancy rates and low availability rates (Tables 4 and 5). There is less demand, currently, for specialized industrial and flex, both of which have higher vacancy rates and availability rates in the sub-market. The probability for leasing within 6 months is 32.5%, which is generally consistent with leasing rates within the Pittsburgh metro for industrial space.

Table 4: North Pittsburgh Sub-Market Key Indicators

KEY INDICATORS							
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	13,349,118	3.2%	\$8.54	4.6%	(7,670)	0	0
Specialized Industrial	3,669,976	10.7%	\$8.92	9.7%	(6,000)	0	100,000
Flex	1,609,353	15.8%	\$11.80	18.5%	51,350	0	0
Submarket	18,628,447	5.7%	\$8.89	6.8%	37,680	0	100,000
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-1.2%	5.6%	5.7%	9.4%	2003 Q4	1.7%	2018 Q3
Net Absorption SF	229K	26,246	14,488	520,880	2004 Q3	(631,733)	2021 Q1
Deliveries SF	0	67,777	43,249	413,000	2001 Q4	0	2022 Q3
Rent Growth	5.8%	3.1%	3.1%	11.4%	2022 Q2	-1.1%	2006 Q2
Sales Volume	\$22.2M	\$12.3M	N/A	\$56.7M	2022 Q1	\$0	2005 Q3

Source: Costar, December 2022

Table 5: Pittsburgh Industrial Submarket Key Indicators

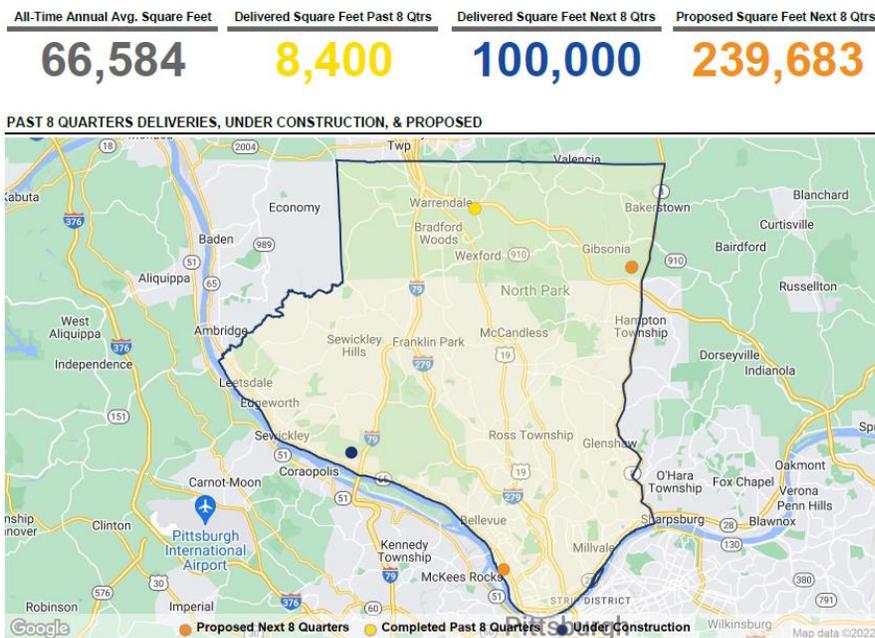
Sub-Markets in/near City of Pittsburgh	Inventory				Availability		Demand		
	SF (in M) 2021	SF (in M) 2022	12 Mo Delivered SF	Under Construction	Availability	Vacancy	Months on Market	12-Month Net Absorption	6-month Leasing Probability
North	18.7	18.6	100K	0	6.9%	5.8%	14.0	322K	32.5%
Northeast	17.8	18.1	200K	0	3.8%	2.8%	14.8	177K	21.5%
Greater Downtown	13.1	13.1	79.7K	0	5.1%	4.0%	21.3	52.7K	25.4%
Parkway E.	15.8	15.9	141K	0	14.8%	11.5%	12.4	(449K)	33.1%
South	20.0	20.0	500	320K	6.1%	3.7%	8.8	173K	31.9%
Parkway W.	12.6	13.1	492K	713K	11.3%	6.3%	20.6	317K	30.8%
West	17.2	17.2	15K	624K	5.4%	3.2%	7.0	491K	27.9%

Source: Costar, December 2022

PROJECTS UNDER CONSTRUCTION OR PROPOSED

There is 100,000 SF underway in North Pittsburgh, the most space under construction in more than five years (Figure 12). The 100,000 SF is contained within a single building being developed at 301 Deer Run Road in the 79 North Industrial Park. The building is scheduled for completion in January 2023. Based on the December 2022 LoopNet listing, 30,4500 SF of Class A Warehouse space is currently available for lease. The use(s) of the remaining +-70,000 SF is not disclosed. This property is located northwest of SCI-Pittsburgh site in the Sewickley suburban area.

Figure 12: Recent and Proposed Industrial Projects



Source: Costar, 2022

Costar lists three proposed projects, ranging in size from 38,000 SF to 163,000 SF. They are as follows:

- **Build to Suite Project located on Executive Drive (163,000 SF).** Located along Executive Drive in Gibsonia, Pennsylvania, there is a proposed 163,000 SF building on a 17-acre lot with construction slated for 2024. The project site is beside existing large-scale logistics users, including FedEx Freight and Central Transport, and has immediate access to the Pennsylvania Turnpike at the Butler Valley exit.
- **Multi-Tenant Project located on Executive Drive (38,000 SF).** A second project is also currently proposed along Executive Drive in Gibsonia. The listing shows the proposed project will have 38,000 SF, 40 docks, and two drive-ins, suggesting the building will be for a logistics user. The property is 17.2 acres in size.
- **Expansion at 2920 New Beaver Avenue (38,683 SF).** There is an existing, multi-tenant 285,0317 SF manufacturing building at 2920 New Beaver Avenue, built in 1970. The property sits on 7.87 acres and is in immediate proximity to the SCI-Pittsburgh site (Figure 13).

The property was last sold in May of 2021 for \$41,750,000 in a sale-leaseback deal. The current owner is Innovative Industrial Properties, a real estate investment trust for the regulated cannabis industry. The company is publicly traded on the New York Stock Exchange. At its existing building, two tenants are listed as Goodblend Pennsylvania LLC (120,000 SF for cannabis growing/processing activities) and Weisner Steel

Products (52,000 SF of manufacturing). Based on PA Department of Health permit information, Goodblend is in partnership with the University of Pittsburgh School of Medicine (Academic Clinical Research Center).³ The proposed 38,683 SF expansion is listed on Costar. News articles suggest the expansion will be for Goodblend's growing and processing operations.

Figure 13: 2920 New Beaver Avenue



Source: Costar, 2022

3

<https://www.health.pa.gov/topics/Documents/Programs/Medical%20Marijuana/PA%20DOH%20Phase%20IV%20Clinical%20Registrant%20Permittee%20Facility%20Locations.pdf>



Surrounding Properties

The surrounding properties to the SCI-Pittsburgh project site are predominantly older warehouse facilities, with smaller number of service buildings and 2-star office buildings. As illustrated in Figure 14, Summary of Findings for Industrial.

The SCI-Pittsburgh property is bounded by the Ohio River, Allegheny County Sanitary Authority (ALCOSAN), Duquesne Light Company, and the Norfolk Southern and PA Route 65 transportation corridors.

- The Ohio River is a major marine transportation corridor and it, along with the Mississippi and Missouri Rivers, comprise the U.S. Department of Transportation-designated Marine Highway-70 (M-70) Route. Marine Highway-70 connects commercial navigation channels, ports, and harbors, from Pittsburgh to Kansas City. It spans Pennsylvania, Ohio, Indiana, Illinois, and Missouri, connecting to the M-55 Route at St. Louis, MO. Despite its location, the SCI-Pittsburgh site does not have access to the Marine Highway.
- ALCOSAN maintains approximately 90 miles of interceptor sewers that convey wastewater from municipal sewer systems to ALCOSAN's 59-acre treatment plant located immediately adjacent to SCI-Pittsburgh. ALCOSAN's service area extends more than 310 square miles and provides wastewater treatment to 83 municipalities, including the City of Pittsburgh.
- Duquesne Light Company operates its ~21.5-acre Woods Run facility immediately adjacent to SCI-Pittsburgh. Duquesne Light Company also owns a number of buildings in the immediate area.

Figure 14: Sampling of Neighboring Properties of SCI-Pittsburgh



Source: Costar, 2022



Summary of Findings for Industrial

Based on interview findings and key market indicators, there is market potential for industrial reuse. Key market indicators suggest future absorption of new square footage on site to be approximately 100,000 square feet per year in the near term. This is below the maximum reuse potential, as previously discussed. However, it's important to note that this well-established industrial area in the North Pittsburgh Sub-Market is built out with demolitions outpacing new construction. Stakeholder interviews suggest there is ample existing market demand for new pad ready sites.

Based on zoning requirements—which dictate that the maximum potential of the site could only be facilitated through the construction of three or more buildings—it is foreseeable that the site would be subdivided by a future developer and sold or leased to multiple end users. Zoning restrictions and key market indicators suggest that SCI-Pittsburgh site will not and could not be used for a single large-scale warehouse/logistics user (e.g., 1 million square foot warehouse).





Other Potential Uses

Office

Office space is not a primary candidate for reuse for the SCI-Pittsburgh site, given the intensity of industrial uses along the riverfront. The local office market, additionally, does not compete well with downtown Pittsburgh and suburban locations, where easier transportation access (multiple routes in/out) and nicer amenities for office employees such as eating establishments are attractive site selection features. However, even those locations are struggling to recover from the Covid-19 pandemic, which has reshaped global work patterns with remote and hybrid work schedules.

The SCI-Pittsburgh site is located in the I-279/I-79 Northwest Office Submarket in Pittsburgh. It is a mid-sized submarket that contains 2.7M SF of office space. The vacancy rate has been essentially unchanged over the past year, but at 10.9%, the rate is well above the long-term average as of the fourth quarter of 2022. Over the past five years, the submarket has posted negative net absorption of -11,000 SF per year on average. Rents edged up by 0.5% over the past year, however, trails the area's average annual growth rate of 1.4% over the past decade.

According to Costar, the Pittsburgh metro's overall office market is also on "shaky ground". Net absorption has been negative over the past 12 months at -876,000 SF. Demand will likely remain in the red over the near-term following announcements from companies like ATI which are relocating their headquarters outside of Pittsburgh. The Northwest Office Submarket's poor performance will likely preclude office as a feasibility reuse of the SCI-Pittsburgh property.

Indoor Sports Complex

Stakeholder interviews indicated the City of Pittsburgh may have an unmet market demand for a large indoor sports complex. This market analysis did not evaluate the market demand for sports facilities in the city; however, the market analysis did evaluate, at a high level, if the SCI-Pittsburgh site would be suited for indoor recreational uses. According to a study by the City of Virginia Beach, indoor sports facilities in the Mid-Atlantic region host 25-40 weekend tournaments each year with up to 200,000 annual visitors. With the influx of visitors, a facility can generate up to 15,000 hotel nights per year.

Site selection criteria for indoor sports facilities includes ease of access, proximity to and variety of nearby restaurants and hotels to support visitors, analysis of age demographics in an area for the customer base, parking, and safety of the surrounding neighborhood. The proximity to and variety of nearby eating establishments and hotels is a site selection constraint for the SCI-Pittsburgh site. As the entire area is zoned for industrial use and built out, there is limited potential for an indoor sports complex to draw restaurant and hotel uses in nearby proximity. The presence of industrial neighbors would also be deterrent to this type of use, which is typically geared towards family friendly areas with many amenities. Poor site access and limited parking availability would also cause the property to score very low in site selection among developers of sports complexes.

The size of the SCI-Pittsburgh site could accommodate an indoor sports use. Based on research, these types of facilities can range from 50,000 to 150,000 square feet in size. Spooky Nook in Lancaster County,

Pennsylvania has 700,000 square feet of space, and Grand Park Sports Campus in Westfield, Indiana features 377,000 square feet. However, site selection criteria make this type of end use less likely than an industrial use.

Impact of Historic Significance and the Film Industry

Historic Significance

The entire site is listed as a historic district on the National Park Service, United States Department of the Interior's Register of Historic Places under its historic name, Western State Penitentiary: Riverside Penitentiary. Its nomination was completed and submitted to the National Park Service in 2018 and listed on the register on February 14, 2022.

The site qualifies for the National Register under 2 of the 4 National Register Criteria Areas of Significance which includes (A) Property is associated with events that have made a significant contribution to the broad patterns of history and (C) Property embodies the distinctive characteristics of a type, period, or method of construction. Its period of significance starts with the construction in 1879 of the large main prison along the river and runs through 1966 when the water tower was constructed within the Historic Front Yard, which was the last major construction prior to non-historic additions being made to the site.⁴

The nomination identifies that there are a total of 24 buildings and structures remaining on the site that contribute to the historic significance of the property. These include buildings such as the main prison that parallels the river, the water tower as a contributing object, and structures including the exterior prison walls. The National Park Service administers the federal tax credit program and to qualify, the structure must be certified as historic which can be accomplished through listing the structure individually on the National Register or as a contributing structure within a Historic District listed on the National Register. All 24 contributing resources are therefore eligible to receive funding and support for their preservation from several sources at the State and Federal level if they meet the conditions of the program.

The following is a summary of the incentives available to historic properties according to their ownership and operation:

1. If the site or portions of the site were privately held and operated as income producing businesses, rehabilitation of those resources would qualify for both Federal and State Historic Tax Credits.⁵

⁴ National Register of Historic Places Registration Form, Western State Penitentiary, US Department of the Interior, Submitted May 25, 2018, Prepared by: Jeff Slack AICP, Angeliqne Bamberg, and Cara Halderman

⁵ Federal Historic Tax Credits – <https://www.nps.gov/tps/tax-incentives/before-you-apply.htm>
State Historic Tax Credits – <https://dced.pa.gov/programs/historic-preservation-tax-credit-hptc/>

- a. Federal Historic Rehabilitation Tax Credits are available for up to 20% of all qualifying expenses related to rehabilitation which follows the Secretary of the Interior's Standards for Rehabilitation. There is no limit on the amount of credit that can be applied to a project, and this is not a competitive program.
 - b. State Historic Preservation Tax Credits are administered by the Pennsylvania Department of Community and Economic Development and provide for credit of up to 25% of all qualifying rehabilitation expenses up to a maximum of \$500,000. However, the program is competitive and is not guaranteed.
2. If the site or portions of the site were owned by a non-profit for charitable use or by a municipality, rehabilitation projects can tap into State funding programs administered by the Pennsylvania Historic and Museum Commission. These programs offer funding for smaller grants to help with planning and construction projects. They are most beneficial to non-profit owners/operators to help prepare for larger funding programs for rehabilitation.⁶
3. Additional funding for preservation efforts by non-profit or public agencies is also available from the National Park Service's, Save America's Treasures grants. This program is for sites that are nationally significant. Grants are available from between \$125,000 to \$1 million.⁷

Economic Impact of Film Industry

The SCI Pittsburgh site has been a magnet to the television and film industry for several years. According to the Pittsburgh Film Office, there have 6 major productions filmed at this site. These include Season 2 of Mindhunter, Escape from Dannemora, Season 2 of the Mayor of Kingstown, Season 2 of the Outsiders, American Rust, and Prison Girl. These productions have contributed a significant investment into the site including \$500,000 into improving the Main Penitentiary Building Cell Block F to assist with filming and crew safety enhancements.

According to the Pittsburgh Film Office, the site is unique and draws interest from production companies such as Paramount, the company that produces Mayor of Kingstown, due to the main penitentiary building and its iconic design and historic character. The Film Office notes that the size and historic design of the cell block along with the historic stone prison walls and guard shacks are irreplaceable features that is sought out by the film industry and if this building were to be demolished, the next closest site that would accommodate a production with a prison setting is Moundsville, WV.

⁶ Keystone Planning Grants - <https://www.phmc.pa.gov/Preservation/Grants-Funding/Pages/Planning-Projects.aspx>

Keystone Construction Grants - <https://www.phmc.pa.gov/Preservation/Grants-Funding/Pages/Construction-Projects.aspx>

⁷ [Save America's Treasures \(U.S. National Park Service\) \(nps.gov\)](https://www.nps.gov/sat/)



In conjunction with the iconic design of the building, filming companies also leverage the Film Tax Credits that are offered through the Film Production Tax Credit Program (FPTC) administered by the Pennsylvania Department of Community and Economic Development. The FPTC program was established in Pennsylvania in 2007 and provides a maximum of 25% base credit + an additional 5% tax credit for productions that meet the minimum state filming requirements at a Qualified Production Facility. According to the most recent and available annual report by the PA DCED the Tax Credit program has supported a total of 509 productions throughout the State which has leveraged over \$3 billion in qualified production spending from 2007 through 2020.⁸ The FPTC Program is funded for \$100 million for the next 3 years (Table 6).

Table 6: Tax Credits Approved/Awarded by Type of Film Production, FY 2007-08 through FY 2019-20

Production Type	Total Number of Productions	Total Dollar Amount of Film Tax Credits Approved/Awarded	Average (Mean) Amount of Film Tax Credits Approved/Awarded	Median Amount of Film Tax Credits Approved/Awarded	Qualified Production Spending in Pennsylvania
Commercials	43	\$1,468,761	\$34,157	\$18,950	\$6,220,352
Documentaries	31	\$4,800,341	\$154,850	\$120,550	\$20,435,488
Feature Films	155	\$443,979,428	\$2,864,383	\$291,647	\$1,714,132,632
TV Productions	275	\$367,383,328	\$1,335,939	\$232,516	\$1,523,162,837
Other	5	\$334,294	\$66,859	\$71,713	\$1,625,067
Total/Average	509	\$817,966,153	\$1,506,370	\$193,708	\$3,265,576,375

Includes data on productions approved for tax credits in FY 2019-20 and conditional approval for additional tax credits from future year allocations under the assumption the program will continue and these projects will be completed since production has already begun. Also included are the three productions that were approved for reissued tax credits from prior year allocations.

Source: PA DCED Report to the General Assembly

The Director and Deputy Director of the Pittsburgh Film Office provided information specific to the Southwestern region of Pennsylvania which includes the City of Pittsburgh. The following outline the impact of the filming industry for SW Pennsylvania.

- In 2021, 11 projects and an estimated \$330 million in economic development was generated within the region.
- For every \$1 invested in the Pittsburgh Film Office, more than \$218 in new spending has occurred from major films and television shows.
- More than 200 feature films and TV productions have been shot in the SW PA regional since 1990

⁸ Report to the General Assembly, Film Production Tax Credit Program, FY 2019-2020, PA DCED

The Pittsburgh Film Office noted that they develop workforce training programs to meet the unique needs of the film industry in the Pittsburgh area. All these programs help residents build their skillset for jobs with the production companies. To date they have held trainings for set construction, electricians, and grips. They are now developing training specifically for hair and makeup artists who specialize in working with people of color for upcoming movies being produced by Denzel Washington. Jobs within the local film industry are within unionized trades, are high paying, and provide health and retirement benefits.

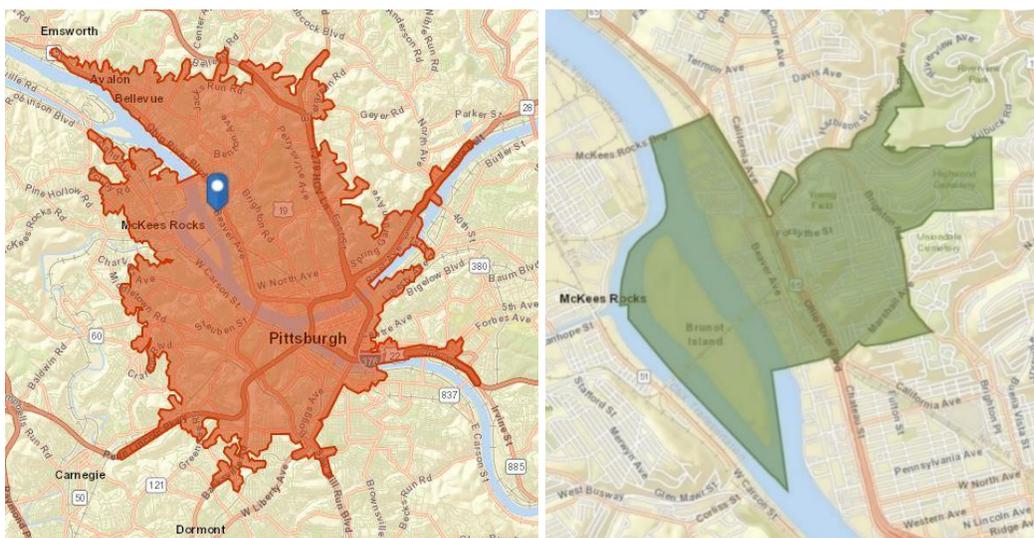
Socioeconomic Trends

A primary factor in measuring the depth of a market is assessing population trends. The local population represents the primary consumers of goods and services that could be offered in a market area, as well as the local workforce that could potentially be tapped to support new development. While consumer spending potential is not pertinent to this market analysis, socioeconomic trends are provided to profile the local neighborhood and the potential workforce that could be tapped.

Socioeconomic and workforce trends were analyzed at several market area geographies (as illustrated in Figure 15), including:

- **Marshall-Shadeland Neighborhood.** The neighborhood is home to the SCI-Pittsburgh property. Residents and civic groups in the neighborhood have expressed a strong interest in a reuse of property that would provide job opportunities and improved recreational amenities for their residents and reconnect the residents to the riverfront.
- **10-minute drive-time from SCI-Pittsburgh.** While drive-time analyses are typically used to evaluate commercial and retail potential, a drive-time was used to demonstrate trends within the immediate proximity of SCI-Pittsburgh. The 10-minute drive-time captures approximately one-third of the city, primarily the northwest portion including the downtown.
- **City of Pittsburgh**
- **Allegheny County**
- **Pittsburgh MSA**, which includes a seven-county area.

Figure 15: 10-Minute Drive-Time (left) and Marshall-Shadeland Neighborhood (right)





Population

As shown in Table 7, the City of Pittsburgh’s population has remained mostly stagnant over the most recent decade, with an overall slight decline of -448 residents between 2010-2022. This represents a stabilization of the city’s population decline, which has been occurring since the 1960s. While Allegheny County grew during this same time period by 2.3% (27,869), the larger Pittsburgh MSA metro area also remained stagnant, growing by just 0.4% over 12 years.

The Marshall-Shadeland neighborhood, where the SCI-Pittsburgh property is located, experienced a population loss of -33.5% (-2,021) over the past 12 years. In total, 1,920 of the net -2,021 is attributable to the closure of the prison facility in 2017. Group quarters population counts, including prisons, are reflected in Census population figures. According to ESRI Business Analyst data estimates, the neighborhood’s population will continue to slowly decline to 3,946 by 2027.

Table 7: Population Trends, 2010-2022

Market Area	2010	2022	Net Change (2010-2022)	Percent Change
Marshall-Shadeland	6,041	4,020	-2,021	-33.5%
10 Minute Drive Time	104,695	104,988	293	0.3%
City of Pittsburgh	305,746	305,298	-448	-0.6%
Allegheny County	1,223,308	1,251,177	27,869	2.3%
Pittsburgh MSA	2,356,297	2,366,261	9,964	0.4%

Source: ESRI Business Analyst

Daytime Population and Commuter Trends

As the second largest city in Pennsylvania, the City of Pittsburgh is a major employment hub for the metro region. The City’s daytime population grows from 305,298 to 429,097 during weekday work hours, as more than 100,000 commuters flow into the city for work (Table 8).

The Marshall-Shadeland neighborhood, while in the city, does not experience a large influx of daytime workers. During the day, the population in the Marshall-Shadeland market area dips slightly to 3,403 as residents commute outside the neighborhood for work. In comparing 2009 and 2019 inflow/outflow commuting patterns, it is evident the neighborhood has lost employment opportunities over that 10-year period. Please refer to Figure .

Table 8: Daytime Population, 2022

Market Area	Resident Day Population	Worker Day Population	Total Daytime Population
Marshall-Shadeland	2,199	1,204	3,403
10-Minute Drive Time	50,253	152,360	202,613
City of Pittsburgh	151,954	277,143	429,097
Allegheny County	619,867	710,240	1,330,107
Pittsburgh MSA	1,186,601	1,187,561	2,374,162

Source: ESRI Business Analyst

Figure 16: Job Inflow and Outflow in Marshall-Shadeland Neighborhood, 2009 (left) and 2019 (right)



Source: US Census Bureau – OnTheMap

Population by Age

Based on 2022 estimates, the median age of the population in the Marshall-Shadeland neighborhood is 40.9 years, compared to the City of Pittsburgh and the greater Pittsburgh MSA which have median population ages of 35.8 and 44.8, respectively. As shown in Table 9, the neighborhood has seen a reduction in its workforce-aged adults, having experienced a decline in all age brackets between ages 15-64. As previously noted, some of this decline is due to the closure of the SCI-Pittsburgh facility in 2017.



Table 9: Change in Age Distribution, 2010-2022

Age Distribution Change from 2010-2022	Marshall-Shadeland	10-Minute Drive Time	City of Pittsburgh
Total Count (2022)	4,020	104,988	305,298
Median Age in 2022	40.9	38.4	35.8
0 - 4	-33	-614	-1,548
5 - 9	4	223	-325
10 - 14	-81	-196	-324
15 - 24	-341	-2,887	-9,257
25 - 34	-651	-57	1,451
35 - 44	-496	1,189	4,227
45 - 54	-555	-3422	-8,604
55 - 64	-82	1,084	1,171
65 - 74	233	4,218	10,351
75 - 84	-14	644	1,505
85+	-55	216	600

Source: ESRI Business Analyst

Income

Median household income, and changes in median household income over time, can provide insight into the potential spending power of consumers in an area. The Marshall-Shadeland market area had a median household income of \$52,600 in 2022. In comparison, the City of Pittsburgh had a median household income of \$57,022, and the Pittsburgh MSA had a median household income of \$68,384.

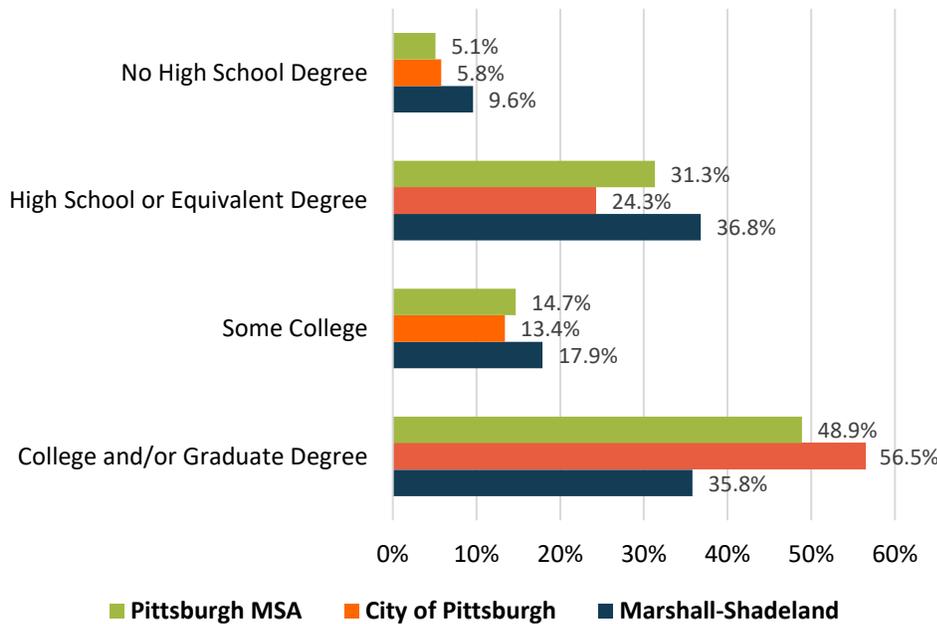
Education

The Marshall-Shadeland neighborhood has lower educational attainment of college and professional degree’s when compared to the city and region (Figure 17). Based on 2022 estimates, approximately 37 percent of residents have earned either a high school diploma or GED, and approximately 36 percent have completed a college or professional degree. At the regional level, more than 30 percent of residents in the Pittsburgh MSA have completed high school or the equivalent, and nearly 50 percent of residents hold a college or professional degree.

An industrial reuse of the SCI-Pittsburgh property would offer more employment opportunities for the local residential base than would office uses. Industrial employment opportunities would also offer better pay than retail, helping to increase income levels, which lag behind city, county, and MSA averages as demonstrated above.



Figure 17: Highest Level of Educational Attainment, 2022



Source: ESRI Business Analyst

Tapestry Segmentation

Consumer market segmentation is commonly used by the real estate and retail industries to describe the typical consumer lifestyle and spending habits of customers within a trade area. ESRI Business Analyst provides tapestry segmentation based on socioeconomic characteristics and psychological profiling of consumer behaviors. The information is collected through point of sale (POS) data and consumer surveys and generally represents the activity of the top 75 percent of the consumers in an area. Within the Marshall-Shadeland neighborhood, the top tapestry segments are:

- Modest Income Homes
- Traditional Living
- Family Foundations

Descriptions of each segment, which describe the average person, are provided below. The wording and graphics are that of ESRI Business Analyst.



MODEST INCOME HOMES:

This segment reflects a community of mostly single-person or single-parent households. Most households have one vehicle but nearly a third rely on public transportation. Unemployment is very high, and approximately one quarter have not graduated from high school.



LifeMode Group: Hometown

Modest Income Homes





Households: 1,627,600

Average Household Size: 2.56

Median Age: 37.0

Median Household Income: \$23,900

WHO ARE WE?

Families in this urban segment may be nontraditional; however, their religious faith and family values guide their modest lifestyles. Many residents are primary caregivers to their elderly family members. Jobs are not always easy to come by, but wages and salary income are the main sources of income for most households. Reliance on Social Security and public assistance income is necessary to support single-parent and multigenerational families. Rents are relatively low (Index 70), public transportation is available, and Medicaid assists families in need.

OUR NEIGHBORHOOD

- Households are single person or single parent (usually female householders). Multigenerational families are also present.
- Homes are predominantly single family; values reflect the age of the housing, built more than 60 years ago.
- Over half of the homes are renter occupied; average rent is lower than the US average.
- Most households have one car (or no vehicle); nearly a third rely on carpooling, walking, biking, or public transportation.

SOCIOECONOMIC TRAITS

- Almost a quarter of adults aged 25 or more have no high school diploma.
- Labor force participation is 50%.
- Income is less than half of the US median income.
- Consumers in this market consider traditional gender roles and religious faith very important.
- This market lives for today, choosing to save only for a specific purpose.
- Consumers favor TV as their media of choice and will purchase a product with a celebrity endorsement.



TAPESTRY SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by MR-Simmons.



TRADITIONAL LIVING:

This segment is comprised of mostly married couples. Homes are primarily single family or duplexes in older neighborhoods. The vast majority of residents have completed high school or some college. The average commuting time to work is very short, indicating these residents are more likely to work close to home.



LifeMode Group: Hometown

Traditional Living

12B

Households: 2,395,200

Average Household Size: 2.51

Median Age: 35.5

Median Household Income: \$39,300

WHO ARE WE?

Residents in this segment live primarily in low-density, settled neighborhoods in the Midwest. The households are a mix of married-couple families and singles. Many families encompass two generations who have lived and worked in the community; their children are likely to follow suit. The manufacturing, retail trade, and health-care sectors are the primary sources of employment for these residents. This is a younger market—beginning householders who are juggling the responsibilities of living on their own or a new marriage, while retaining their youthful interests in style and fun.

OUR NEIGHBORHOOD

- Married couples are the dominant household type, but fewer than expected from the younger age profile and fewer with children (Index 79); however, there are higher proportions of single-parent (Index 146) and single-person households (Index 112).
- Average household size is slightly lower at 2.51.
- Homes are primarily single family or duplexes in older neighborhoods, built before 1940 (Index 228).
- Most neighborhoods are located in lower-density urban clusters of metro areas throughout the Midwest and South.
- Average commuting time to work is very short (Index 22).
- Households have one or two vehicles.

SOCIOECONOMIC TRAITS

- Over 70% have completed high school or some college.
- Labor force participation is a bit higher than the national rate at 63.4%.
- Almost three-quarters of households derive income from wages and salaries, augmented by Supplemental Security Income (Index 139) and public assistance (Index 152).
- Cost-conscious consumers that are comfortable with brand loyalty, unless the price is too high.
- Connected and comfortable with the internet, more likely to participate in online gaming or posting pics on social media.
- TV is seen as the most trusted media.



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FAMILY FOUNDATIONS:

This segment reflects families, especially with older children remaining at home working towards gaining financial independence. Almost all residents have at least one car and sometimes two. The labor participation rate begins to decline in this segment as a result of retirement.



LifeMode Group: Hometown

Family Foundations

12A



Households: 1,299,600

Average Household Size: 2.71

Median Age: 39.6

Median Household Income: \$43,100

WHO ARE WE?

Family and faith are the cornerstones of life in these communities. Older children, still living at home, working toward financial independence, are common within these households. Neighborhoods are stable: little household growth has occurred for more than a decade. Many residents work in the health-care industry or public administration across all levels of government. Style is important to these consumers, who spend on clothing for themselves and their children as well as on smartphones.

OUR NEIGHBORHOOD

- Family Foundations* residents are a mix of married couples, single parents, grandparents, and children, young and adult.
- Average household size is slightly higher at 2.71.
- Neighborhoods are found in principal cities of major metropolitan areas throughout the South and West.
- More than two-thirds are homeowners living in single-family houses built before 1970.
- Nearly three-fourths of all households have one or two vehicles at their disposal; average commute time is slightly higher.

SOCIOECONOMIC TRAITS

- More than half have either attended college or obtained a degree; one-third have only finished high school.
- Labor force participation rate is slightly lower at 58% as workers begin to retire.
- Over one-third of households currently receive Social Security benefits; just under a quarter draw income from retirement accounts.
- A strong focus is on religion and character.
- Style and appearance are important.



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